

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 2535

To promote a new urban agenda, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

OCTOBER 7 (legislative day, OCTOBER 6), 1994

Mr. SPECTER (for himself and Ms. MOSELEY-BRAUN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To promote a new urban agenda, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “New Urban Agenda Act of 1994”.

6 (b) TABLE OF CONTENTS.—The table of contents for  
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings and purposes.

### TITLE I—FEDERAL COMMITMENT TO URBAN ECONOMIC DEVELOPMENT

- Sec. 101. Federal purchases from businesses in empowerment zones, enterprise communities, and enterprise zones.

- Sec. 102. Minimum allocation of foreign assistance for purchase of certain United States goods.
- Sec. 103. Preference for location of manufacturing technology outreach centers in urban areas.
- Sec. 104. Preference for construction and improvement of Federal facilities in distressed urban areas.
- Sec. 105. Definitions.

## TITLE II—TAX INCENTIVES TO STIMULATE URBAN ECONOMIC DEVELOPMENT.

- Sec. 201. Treatment of rehabilitation credit under passive activity limitations.
- Sec. 202. Rehabilitation credit allowed to offset portion of alternative minimum tax.
- Sec. 203. Commercial industrial development bonds.
- Sec. 204. Increase in amount of qualified small issue bonds permitted for facilities to be used by related principal users.
- Sec. 205. Simplification of arbitrage interest rebate waiver.

## TITLE III—COMMUNITY REGULATORY RELIEF

- Sec. 301. Findings and purpose.
- Sec. 302. Federal funding requirement.
- Sec. 303. Duties of the director.
- Sec. 304. Effect of subsequent enactments.
- Sec. 305. Definitions.

## TITLE IV—COMMUNITY-BASED HOUSING DEVELOPMENT

- Sec. 401. Section 8 rent subsidies.
- Sec. 402. Block grant study.
- Sec. 403. Demolition and disposition of public housing.

## TITLE V—RESPONSE TO URBAN ENVIRONMENTAL CHALLENGES

### Subtitle A—Environmental Cleanup

- Sec. 501. Exemption from liability for local governments that are owners or operators of facilities in distressed urban areas.
- Sec. 502. Standards for remediation in distressed urban areas.

### Subtitle B—Environmental-Economic Recovery

- Sec. 511. Findings.
- Sec. 512. Definitions.
- Sec. 513. Loan authority.
- Sec. 514. Facility.
- Sec. 515. Reinvestment of savings.
- Sec. 516. Report to Congress.

## 1 **SEC. 2. FINDINGS AND PURPOSES.**

### 2 (a) FINDINGS.—The Congress finds that—

1           (1) cities in the United States have been facing  
2           an economic downhill trend in the past several years;  
3           and

4           (2) a new approach to help such cities prosper  
5           is necessary.

6           (b) PURPOSES.—It is the purpose of this Act to—

7           (1) provide various incentives for the economic  
8           growth of cities in the United States;

9           (2) provide an economic agenda designed to re-  
10          verse current urban economic trends; and

11          (3) revitalize the jobs and tax base of such  
12          cities without significant new Federal outlays.

13   **TITLE    I—FEDERAL    COMMIT-**  
14       **MENT TO URBAN ECONOMIC**  
15       **DEVELOPMENT**

16   **SEC. 101. FEDERAL PURCHASES FROM BUSINESSES IN**  
17               **EMPOWERMENT ZONES, ENTERPRISE COM-**  
18               **MUNITIES, AND ENTERPRISE ZONES.**

19           (a) REQUIREMENTS.—The Office of Federal Procure-  
20   ment Policy Act (41 U.S.C. 401 et seq.) is amended by  
21   adding at the end the following new section:

22   “PURCHASES FROM BUSINESSES IN EMPOWERMENT  
23       ZONES, ENTERPRISE COMMUNITIES, AND ENTER-  
24       PRISE ZONES

25       “SEC. 29. (a) MINIMUM PURCHASE REQUIRE-  
26   MENT.—Not less than 15 percent of the total amount ex-

1    pended by executive agencies for the purchase of goods  
2    in a fiscal year shall be expended for the purchase of goods  
3    from businesses located in empowerment zones, enterprise  
4    communities, or enterprise zones.

5       “(b) RECYCLED PRODUCTS.—To the maximum ex-  
6    tent practicable consistent with applicable law, the head  
7    of an executive agency shall purchase recycled products  
8    that meet the needs of the executive agency from busi-  
9    nesses located in empowerment zones, enterprise commu-  
10   nities, or enterprise zones.

11       “(c) REGULATIONS.—The Federal Acquisition Regu-  
12   lations shall include provisions that ensure the attainment  
13   of the minimum purchase requirement set out in sub-  
14   section (a).

15       “(d) DEFINITIONS.—In this section:

16           “(1) The term ‘empowerment zone’ means a  
17       zone designated as an empowerment zone pursuant  
18       to subchapter U of chapter 1 of the Internal Reve-  
19       nue Code of 1986 (26 U.S.C. 1391 et seq.).

20           “(2) The term ‘enterprise community’ means a  
21       community designated as an enterprise community  
22       pursuant to subchapter U of chapter 1 of the Inter-  
23       nal Revenue Code of 1986 (26 U.S.C. 1391 et seq.).

24           “(3) The term ‘enterprise zone’ has the mean-  
25       ing given such term in section 701(a)(1) of the

1       Housing and Community Development Act of 1987  
2       (42 U.S.C. 11501(a)(1)).”.

3       (b) EFFECTIVE DATE.—Section 29 of the Office of  
4 Federal Procurement Policy Act, as added by subsection  
5 (a), shall take effect on the date of the enactment of this  
6 Act and shall apply with respect to fiscal years beginning  
7 after September 30, 1994.

8       **SEC. 102. MINIMUM ALLOCATION OF FOREIGN ASSISTANCE**  
9                               **FOR PURCHASE OF CERTAIN UNITED STATES**  
10                              **GOODS.**

11       (a) ALLOCATION OF ASSISTANCE.—Notwithstanding  
12 any other provision of law, effective beginning with fiscal  
13 year 1995, not less than 15 percent of United States as-  
14 sistance provided in a fiscal year shall be provided in the  
15 form of credits which may only be used for the purchase  
16 of United States goods produced, manufactured, or assem-  
17 bled in empowerment zones, enterprise communities, or  
18 enterprise zones within the United States.

19       (b) UNITED STATES ASSISTANCE.—As used in this  
20 section, the term “United States assistance” means—

- 21               (1) any assistance under the Foreign Assistance  
22       Act of 1961;  
23               (2) sales, or financing of sales under the Arms  
24       Export Control Act; and

1           (3) assistance and other activities under the  
2       Support for East European Democracy (SEED) Act  
3       of 1989 (Public Law 101–179, as amended).

4   **SEC. 103. PREFERENCE FOR LOCATION OF MANUFACTUR-**  
5                           **ING TECHNOLOGY OUTREACH CENTERS IN**  
6                           **URBAN AREAS.**

7       (a) DESIGNATION.—In designating an organization  
8       as a Manufacturing Technology Outreach Center under  
9       paragraph (1) of section 304(c) of the Stevenson-Wydler  
10      Technology Innovation Act of 1980, the Secretary of Com-  
11      merce shall, to the maximum extent practicable, designate  
12      organizations that are located in empowerment zones, en-  
13      terprise communities, or enterprise zones.

14      (b) FINANCIAL ASSISTANCE.—In utilizing a competi-  
15      tive, merit-based review process to determine the Manu-  
16      facturing Technology Outreach Centers to which to pro-  
17      vide financial assistance under paragraph (3) of such sec-  
18      tion, the Secretary shall give such additional preference  
19      to centers located in empowerment zones, enterprise com-  
20      munities, and enterprise zones as the Secretary deter-  
21      mines appropriate in order to ensure the continuing exist-  
22      ence of such centers in such zones.

1 **SEC. 104. PREFERENCE FOR CONSTRUCTION AND IM-**  
2 **PROVEMENT OF FEDERAL FACILITIES IN DIS-**  
3 **TRESSED URBAN AREAS.**

4 (a) PREFERENCE.—Notwithstanding any other provi-  
5 sion of law, in determining the location for the construc-  
6 tion of a new facility of a department or agency of the  
7 Federal Government, in determining to improve an exist-  
8 ing facility (including an improvement in lieu of such con-  
9 struction), or in determining the location to which to relo-  
10 cate functions of a department or agency, the head of the  
11 department or agency making the determination shall take  
12 affirmative action to construct or improve the facility, or  
13 to relocate the functions, in a distressed urban area.

14 (b) URBAN IMPACT STATEMENT.—A determination  
15 to construct a new facility of a department or agency of  
16 the Federal Government, to improve an existing facility,  
17 or to relocate the functions of a department or agency may  
18 not be made until the head of the department or agency  
19 making the determination prepares and submits to the  
20 President a report that—

21 (1) in the case of a facility to be constructed—

22 (A) identifies at least one distressed urban  
23 area that is an appropriate location for the fa-  
24 cility;

25 (B) describes the costs and benefits arising  
26 from the construction and utilization of the fa-

1 cility in the area, including the effects of such  
2 construction and utilization on the rate of un-  
3 employment in the area; and

4 (C) describes the effect on the economy of  
5 the area of the closure or consolidation, if any,  
6 of Federal facilities located in the area during  
7 the 10-year period ending on the date of the re-  
8 port, including the total number of Federal and  
9 non-Federal employment positions terminated  
10 in the area as a result of such closure or con-  
11 solidation;

12 (2) in the case of a facility to be improved that  
13 is not located in a distressed urban area—

14 (A) identifies at least one facility located in  
15 a distressed urban area that would serve as an  
16 appropriate alternative location for the facility;

17 (B) describes the costs and benefits arising  
18 from the improvement and utilization of the fa-  
19 cility located in such area as an alternative lo-  
20 cation for the facility to be improved, including  
21 the effect of the improvement and utilization of  
22 the facility so located on the rate of unemploy-  
23 ment in such area; and

24 (C) describes the effect on the economy of  
25 such area of the closure or consolidation, if any,



1 of Federal facilities located in such area during  
2 the 10-year period ending on the date of the re-  
3 port, including the total number of Federal and  
4 non-Federal employment positions terminated  
5 in such area as a result of such closure or con-  
6 solidation;

7 (3) in the case of a facility to be improved that  
8 is located in a distressed urban area—

9 (A) describes the costs and benefits arising  
10 from the improvement and continuing utiliza-  
11 tion of the facility in the area, including the ef-  
12 fect of such improvement and continuing utili-  
13 zation on the rate of unemployment in the area;  
14 and

15 (B) describes the effect on the economy of  
16 the area of the closure or consolidation, if any,  
17 of Federal facilities located in the area during  
18 the 10-year period ending on the date of the re-  
19 port, including the total number of Federal and  
20 non-Federal employment positions terminated  
21 in the area as a result of such closure or con-  
22 solidation; or

23 (4) in the case of a relocation of functions—

1 (A) identifies at least one distressed urban  
2 area that would serve as an appropriate loca-  
3 tion for the carrying out of the functions;

4 (B) describes the costs and benefits arising  
5 from carrying out the functions in the area, in-  
6 cluding the effect of carrying out the functions  
7 on the rate of unemployment in the area; and

8 (C) describes the effect on the economy of  
9 the area of the closure or consolidation, if any,  
10 of Federal facilities located in the area during  
11 the 10-year period ending on the date of the re-  
12 port, including the total number of Federal and  
13 non-Federal employment positions terminated  
14 in the area as a result of such closure or con-  
15 solidation.

16 (c) APPLICABILITY TO DEPARTMENT OF DEFENSE  
17 FACILITIES.—The requirements set forth in subsections  
18 (a) and (b) shall apply to a determination to construct  
19 or improve any facility of the Department of Defense, or  
20 to relocate any functions of the Department, unless the  
21 President determines that the waiver of the application of  
22 such requirements to the facility, or to such relocation,  
23 is in the national interest.

24 (d) DEFINITION.—In this section, the term “dis-  
25 tressed urban area” means any city having a population

1 of more than 100,000 that meets (as determined by the  
2 Secretary of Housing and Urban Development) the quali-  
3 fications for a distressed community that are otherwise es-  
4 tablished for large cities and urban counties under section  
5 570.452(c) of title 24, Code of Federal Regulations.

6 **SEC. 105. DEFINITIONS.**

7 As used in this title:

8 (1) The term “empowerment zone” means a  
9 zone designated as an empowerment zone pursuant  
10 to subchapter U of chapter 1 of the Internal Reve-  
11 nue Code of 1986 (26 U.S.C. 1391 et seq.).

12 (2) The term “enterprise community” means a  
13 community designated as an enterprise community  
14 pursuant to subchapter U of chapter 1 of the Inter-  
15 nal Revenue Code of 1986 (26 U.S.C. 1391 et seq.).

16 (3) The term “enterprise zone” has the mean-  
17 ing given such term in section 701(a)(1) of the  
18 Housing and Community Development Act of 1987  
19 (42 U.S.C. 11501(a)(1)).

1 **TITLE II—TAX INCENTIVES TO**  
 2 **STIMULATE URBAN ECO-**  
 3 **NOMIC DEVELOPMENT.**

4 **SEC. 201. TREATMENT OF REHABILITATION CREDIT UNDER**  
 5 **PASSIVE ACTIVITY LIMITATIONS.**

6 (a) GENERAL RULE.—Paragraphs (2) and (3) of sec-  
 7 tion 469(i) of the Internal Revenue Code of 1986 (relating  
 8 to \$25,000 offset for rental real estate activities) are  
 9 amended to read as follows:

10 “(2) DOLLAR LIMITATIONS.—

11 “(A) IN GENERAL.—Except as otherwise  
 12 provided in this paragraph, the aggregate  
 13 amount to which paragraph (1) applies for any  
 14 taxable year shall not exceed \$25,000 reduced  
 15 (but not below zero) by 50 percent of the  
 16 amount (if any) by which the adjusted gross in-  
 17 come of the taxpayer for the taxable year ex-  
 18 ceeds \$100,000.

19 “(B) PHASEOUT NOT APPLICABLE TO  
 20 LOW-INCOME HOUSING CREDIT.—In the case of  
 21 the portion of the passive activity credit for any  
 22 taxable year which is attributable to any credit  
 23 determined under section 42—

24 “(i) subparagraph (A) shall not apply,  
 25 and

1 “(ii) paragraph (1) shall not apply to  
2 the extent that the deduction equivalent of  
3 such portion exceeds—

4 “(I) \$25,000, reduced by

5 “(II) the aggregate amount of  
6 the passive activity loss (and the de-  
7 duction equivalent of any passive ac-  
8 tivity credit which is not so attrib-  
9 utable and is not attributable to the  
10 rehabilitation credit determined under  
11 section 47) to which paragraph (1)  
12 applies after the application of sub-  
13 paragraph (A).

14 “(C) \$55,500 LIMIT FOR REHABILITATION  
15 CREDITS.—In the case of the portion of the  
16 passive activity credit for any taxable year  
17 which is attributable to the rehabilitation credit  
18 determined under section 47—

19 “(i) subparagraph (A) shall not apply,  
20 and

21 “(ii) paragraph (1) shall not apply to  
22 the extent that the deduction equivalent of  
23 such portion exceeds—

24 “(I) \$55,500, reduced by

1                   “(II) the aggregate amount of  
 2                   the passive activity loss (and the de-  
 3                   duction equivalent of any passive ac-  
 4                   tivity credit which is not so attrib-  
 5                   utable) to which paragraph (1) applies  
 6                   for the taxable year after the applica-  
 7                   tion of subparagraphs (A) and (B).

8                   “(3) ADJUSTED GROSS INCOME.—For purposes  
 9                   of paragraph (2)(A), adjusted gross income shall be  
 10                  determined without regard to—

11                   “(A) any amount includable in gross in-  
 12                   come under section 86,

13                   “(B) any amount excludable from gross in-  
 14                   come under section 135,

15                   “(C) any amount allowable as a deduction  
 16                   under section 219, and

17                   “(D) any passive activity loss.”.

18                  (b) CONFORMING AMENDMENTS.—

19                   (1) Subparagraph (B) of section 469(i)(4) of  
 20                   the Internal Revenue Code of 1986 is amended to  
 21                   read as follows:

22                   “(B) REDUCTION FOR SURVIVING  
 23                   SPOUSE’S EXEMPTION.—For purposes of sub-  
 24                   paragraph (A), the \$25,000 amounts under  
 25                   paragraph (2)(A) and (2)(B)(ii) and the

1           \$55,500 amount under paragraph (2)(C)(ii)  
2           shall each be reduced by the amount of the ex-  
3           emption under paragraph (1) (determined with-  
4           out regard to the reduction contained in para-  
5           graph (2)(A)) which is allowable to the surviv-  
6           ing spouse of the decedent for the taxable year  
7           ending with or within the taxable year of the es-  
8           tate.”.

9           (2) Subparagraph (A) of section 469(i)(5) of  
10          such Code is amended by striking clauses (i), (ii),  
11          and (iii) and inserting the following:

12                   “(i) ‘\$12,500’ for ‘\$25,000’ in sub-  
13                   paragraphs (A) and (B)(ii) of paragraph  
14                   (2),

15                   “(ii) ‘\$50,000’ for ‘\$100,000’ in para-  
16                   graph (2)(A)”, and

17                   “(iii) ‘\$27,750’ for ‘\$55,500’ in para-  
18                   graph (2)(C)(ii).”.

19          (3) The subsection heading for subsection (i) of  
20          section 469 of such Code is amended by striking  
21          “\$25,000”.

22          (c) EFFECTIVE DATE.—The amendments made by  
23          this section shall apply to property placed in service on  
24          or after the date of the enactment of this Act, in taxable  
25          years ending on or after such date.

1 **SEC. 202. REHABILITATION CREDIT ALLOWED TO OFFSET**  
 2 **PORTION OF ALTERNATIVE MINIMUM TAX.**

3 (a) IN GENERAL.—Section 38(c) of the Internal Rev-  
 4 enue Code of 1986 (relating to limitation based on amount  
 5 of tax) is amended by redesignating paragraph (2) as  
 6 paragraph (3) and by inserting after paragraph (1) the  
 7 following new paragraph:

8 “(2) REHABILITATION INVESTMENT CREDIT  
 9 MAY OFFSET PORTION OF MINIMUM TAX.—

10 “(A) IN GENERAL.—In the case of the re-  
 11 habilitation investment tax credit—

12 “(i) this section and section 39 shall  
 13 be applied separately with respect to such  
 14 credit, and

15 “(ii) for purposes of applying para-  
 16 graph (1) to such credit—

17 “(I) the tentative minimum tax  
 18 under subparagraph (A) thereof shall  
 19 be reduced by the minimum tax offset  
 20 amount determined under subpara-  
 21 graph (B) of this paragraph, and

22 “(II) the limitation under para-  
 23 graph (1) (as modified by subclause  
 24 (I)) shall be reduced by the credit al-  
 25 lowed under subsection (a) for the



1 taxable year (other than the rehabili-  
 2 tation investment tax credit).

3 “(B) MINIMUM TAX OFFSET AMOUNT.—  
 4 For purposes of subparagraph (A)(ii)(I), the  
 5 minimum tax offset amount is an amount equal  
 6 to—

7 “(i) in the case of a taxpayer not de-  
 8 scribed in clause (ii), the lesser of—

9 “(I) 25 percent of the tentative  
 10 minimum tax for the taxable year, or

11 “(II) \$20,000, or

12 “(ii) in the case of a C corporation  
 13 other than a closely held C corporation (as  
 14 defined in section 469(j)(1)), 5 percent of  
 15 the tentative minimum tax for the taxable  
 16 year.

17 “(C) REHABILITATION INVESTMENT TAX  
 18 CREDIT.—For purposes of this paragraph, the  
 19 term ‘regular investment tax credit’ means the  
 20 portion of the credit under subsection (a) which  
 21 is attributable to the credit determined under  
 22 section 47.’’.

23 (b) CONFORMING AMENDMENT.—Section 38(d) of  
 24 the Internal Revenue Code of 1986 (relating to compo-

1 nents of investment credit) is amended by adding at the  
2 end the following new paragraph:

3           “(4) SPECIAL RULE FOR REHABILITATION  
4 CREDIT.—Notwithstanding paragraphs (1) and (2),  
5 the rehabilitation investment tax credit (as defined  
6 in subsection (c)(2)(C)) shall be treated as used  
7 last.”.

8           (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to taxable years beginning after  
10 December 31, 1994.

11 **SEC. 203. COMMERCIAL INDUSTRIAL DEVELOPMENT**  
12 **BONDS.**

13           (a) FACILITY BONDS.—

14           (1) IN GENERAL.—Subsection (a) of section  
15 142 of the Internal Revenue Code of 1986 (relating  
16 to exempt facility bond) is amended by striking “or”  
17 at the end of paragraph (11), by striking the period  
18 at the end of paragraph (12) and inserting a  
19 comma, and by adding at the end the following new  
20 paragraphs:

21           “(13) sports facilities,

22           “(14) convention or trade show facilities,

23           “(15) freestanding parking facilities,

24           “(16) air or water pollution control facilities, or

25           “(17) industrial parks.”

1           (2) INDUSTRIAL PARKS DEFINED.—Section 142  
 2           of the Internal Revenue Code of 1986 is amended by  
 3           adding at the end the following new subsection:

4           “(k) INDUSTRIAL PARKS.—A facility shall be treated  
 5           as described in subsection (a)(17) only if all of the prop-  
 6           erty to be financed by the net proceeds of the issue—

7           “(1) is—

8           “(A) land, and

9           “(B) water, sewage, drainage, or similar  
 10          facilities, or transportation, power, or commu-  
 11          nication facilities incidental to the use of such  
 12          land as an industrial park, and

13          “(2) is not structures or buildings (other than  
 14          with respect to facilities described in paragraph  
 15          (1)(B)).”

16          (3) CONFORMING AMENDMENTS.—

17                 (A) Section 147(c) of the Internal Revenue  
 18                 Code of 1986 (relating to limitation on use for  
 19                 land acquisition) is amended by adding at the  
 20                 end the following new paragraph:

21                 “(4) SPECIAL RULE FOR INDUSTRIAL PARKS.—  
 22                 In the case of a bond described in section  
 23                 142(a)(17), paragraph (1)(A) shall be applied by  
 24                 substituting ‘50 percent’ for ‘25 percent’.”

1 (B) Section 147(e) of such Code (relating  
2 to no portion of bonds may be issued for  
3 skyboxes, airplanes, gambling establishments,  
4 etc.) is amended by striking “A private activity  
5 bond” and inserting “Except in the case of a  
6 bond described in section 142(a)(13), a private  
7 activity bond”.

8 (b) SMALL ISSUE BONDS.—Section 144(a)(12) of the  
9 Internal Revenue Code of 1986 (relating to termination  
10 of qualified small issue bonds) is amended—

11 (1) by striking “any bond” in subparagraph  
12 (A)(i) and inserting “any bond described in subpara-  
13 graph (B)”,

14 (2) by striking “a bond” in subparagraph  
15 (A)(ii) and inserting “a bond described in subpara-  
16 graph (B)”, and

17 (3) by striking subparagraph (B) and inserting  
18 the following:

19 “(B) BONDS FOR FARMING PURPOSES.—A  
20 bond is described in this subparagraph if it is  
21 issued as part of an issue 95 percent or more  
22 of the net proceeds of which are to be used to  
23 provide any land or property not in accordance  
24 with section 147(c)(2).”

1 (c) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to bonds issued after December  
 3 31, 1994.

4 **SEC. 204. INCREASE IN AMOUNT OF QUALIFIED SMALL**  
 5 **ISSUE BONDS PERMITTED FOR FACILITIES**  
 6 **TO BE USED BY RELATED PRINCIPAL USERS.**

7 (a) IN GENERAL.—Clause (i) of section 144(a)(4)(A)  
 8 of the Internal Revenue Code of 1986 (relating to  
 9 \$10,000,000 limit in certain cases) is amended by striking  
 10 “\$10,000,000” and inserting “\$50,000,000”.

11 (b) CLERICAL AMENDMENT.—The heading of para-  
 12 graph (4) of section 144(a) of the Internal Revenue Code  
 13 of 1986 is amended by striking “\$10,000,000” and insert-  
 14 ing “\$50,000,000”.

15 (c) EFFECTIVE DATE.—The amendments made by  
 16 this section shall apply to—

17 (1) obligations issued after the date of the en-  
 18 actment of this Act, and

19 (2) capital expenditures made after such date  
 20 with respect to obligations issued on or before such  
 21 date.

22 **SEC. 205. SIMPLIFICATION OF ARBITRAGE INTEREST RE-**  
 23 **BATE WAIVER.**

24 (a) IN GENERAL.—Clause (ii) of section 148(f)(4)(C)  
 25 of the Internal Revenue Code of 1986 (relating to excep-

1 tion from rebate for certain proceeds to be used to finance  
 2 construction expenditures) is amended to read as follows:

3 “(ii) SPENDING REQUIREMENT.—The  
 4 spending requirement of this clause is met  
 5 if 100 percent of the available construction  
 6 proceeds of the construction issue are  
 7 spent for the governmental purposes of the  
 8 issue within the 3-year period beginning on  
 9 the date the bonds are issued.”.

10 (b) CONFORMING AMENDMENTS.—

11 (1) Clause (iii) of section 148(f)(4)(C) of the  
 12 Internal Revenue Code of 1986 (relating to excep-  
 13 tion for reasonable retainage) is repealed.

14 (2) Subclause (II) of section 148(f)(4)(C)(vi) of  
 15 such Code (relating to available construction pro-  
 16 ceeds) is amended by striking “2-year period” and  
 17 inserting “3-year period”.

18 (3) Subclause (I) of section 148(f)(4)(C)(vii) of  
 19 such Code (relating to election to pay penalty in lieu  
 20 of rebate) is amended by striking “, with respect to  
 21 each 6-month period after the date the bonds were  
 22 issued,” and “, as of the close of such 6-month pe-  
 23 riod,”.

24 (4) Clause (viii) of section 148(f)(4)(C) of such  
 25 Code (relating to election to terminate 1½ percent

1 penalty) is amended by striking “to any 6-month pe-  
 2 riod” in the matter preceding subclause (I).

3 (5) Clause (ii) of section 148(c)(2)(D) of such  
 4 Code (relating to bonds used to provide construction  
 5 financing) is amended by striking “2 years” and in-  
 6 serting “3 years”.

7 (c) EFFECTIVE DATE.—The amendments made by  
 8 this section shall apply to bonds issued after the date of  
 9 the enactment of this Act.

## 10 **TITLE III—COMMUNITY** 11 **REGULATORY RELIEF**

### 12 **SEC. 301. FINDINGS AND PURPOSE.**

13 (a) FINDINGS.—The Congress finds and declares  
 14 that—

15 (1) unfunded Federal mandates imposed on  
 16 State and local governments have become increas-  
 17 ingly extensive in recent years;

18 (2) such mandates have, in many instances,  
 19 added to the growing deficits in State and local gov-  
 20 ernment budgets and have resulted in the need for  
 21 State and local governments to increase revenue or  
 22 curtail sometimes essential services; and

23 (3) such excessive fiscal burdens on State and  
 24 local governments have undermined, in many in-  
 25 stances, the ability of State and local governments

1 to achieve their responsibilities under State and local  
2 law.

3 (b) PURPOSE.—The purpose of this title is to require  
4 that the Federal Government pays the total amount of di-  
5 rect costs incurred by State and local governments in com-  
6 plying with certain Federal mandates which take effect on  
7 or after the date of the enactment of this title under a  
8 Federal statute or regulation.

9 **SEC. 302. FEDERAL FUNDING REQUIREMENT.**

10 (a) IN GENERAL.—Notwithstanding any other provi-  
11 sion of law, any requirement under a Federal statute or  
12 regulation that creates a Federal mandate shall apply to  
13 the State or local government only if all funds necessary  
14 to pay the direct costs incurred by the State or local gov-  
15 ernment in conducting the activity are provided by the  
16 Federal Government for the fiscal year in which the direct  
17 cost is incurred.

18 (b) APPLICATION.—This section shall apply only to  
19 requirements which take effect on or after the date of the  
20 enactment of this title.

21 **SEC. 303. DUTIES OF THE DIRECTOR.**

22 (a) FISCAL NOTE.—The Director shall prepare, to  
23 accompany each bill, resolution or conference report re-  
24 ported by any committee of the House of Representatives  
25 or the Senate or considered on the floor of either House,



1 an economic analysis of the effects of such bill or resolu-  
2 tion by each State government and by each local govern-  
3 ment within each State in complying with the Federal  
4 mandate. The analysis prepared by the Director shall be  
5 included in the report accompanying such bill or resolution  
6 if timely submitted to such committee before such report  
7 is filed.

8 (b) REPORT OF THE DIRECTOR.—For each fiscal  
9 year in which a Federal mandate will be in effect, the Di-  
10 rector, in consultation with representatives of State and  
11 local governments, shall prepare and submit to the Presi-  
12 dent and the Congress, with the President's budget in  
13 January preceding the beginning of a fiscal year, a report  
14 that contains an estimate, for that fiscal year and the fol-  
15 lowing fiscal year, of the total amount of direct costs that  
16 have been incurred or will be incurred by each State gov-  
17 ernment and by each local government within each State  
18 in complying with the Federal mandate.

19 **SEC. 304. EFFECT OF SUBSEQUENT ENACTMENTS.**

20 No statute enacted after the date of enactment of this  
21 title shall supersede this title unless the statute does so  
22 in specific terms, referring to this title, and declares that  
23 that statute supersedes this title.

24 **SEC. 305. DEFINITIONS.**

25 As used in this title:

1           (1) The term “direct costs” means the amount  
2 of costs incurred by a State or local government  
3 dedicated to compliance with a Federal statute or  
4 regulation or that is in excess of the amount that  
5 the State or local government would incur in carry-  
6 ing out that activity in the absence of the regulation,  
7 but does not include any amount that a State or  
8 local government is required or permitted by law to  
9 contribute as a non-Federal share under a Federal  
10 assistance program.

11           (2) The term “Director” shall mean the Direc-  
12 tor of the Congressional Budget Office or his or her  
13 designee.

14           (3) The term “Federal mandates” means a  
15 statute or regulation that requires a State or local  
16 government to—

17                   (A) take certain actions (including a re-  
18 quirement that a government meet national  
19 standards in providing a service); or

20                   (B) comply with certain specified condi-  
21 tions in order to receive or continue to receive  
22 Federal assistance and which requires the ter-  
23 mination or reduction of such assistance if such  
24 government fails to comply with such condi-  
25 tions.

1           (4) The term “local government” has the same  
2           meaning as in section 6501(6) of title 31, United  
3           States Code.

4           (5) The term “State” has the same meaning as  
5           in section 6501(8) of title 31, United States Code.

## 6       **TITLE IV—COMMUNITY-BASED** 7       **HOUSING DEVELOPMENT**

### 8       **SEC. 401. SECTION 8 RENT SUBSIDIES.**

9           Section 8(d)(2) of the United States Housing Act of  
10          1937 (42 U.S.C. 1437f(d)(2)) is amended—

11           (1) in subparagraph (A), by striking “than 15  
12          percent” and inserting “than 50 percent”;

13           (2) in subparagraph (B)(ii), by striking “15  
14          percent” and inserting “50 percent”; and

15           (3) in subparagraph (E), by striking “15 per-  
16          cent”.

### 17       **SEC. 402. BLOCK GRANT STUDY.**

18           (a) IN GENERAL.—The Secretary of Housing and  
19          Urban Development shall conduct a study regarding—

20           (1) the feasibility of consolidating existing pub-  
21          lic and low-income housing programs under the  
22          United States Housing Act of 1937 into a com-  
23          prehensive block grant system of Federal aid that—

24           (A) provides assistance on an annual basis;

1 (B) maximizes funding certainty and flexi-  
2 bility; and

3 (C) minimizes paperwork and delay; and

4 (2) the possibility of administering future public  
5 and low-income housing programs under the United  
6 States Housing Act of 1937 in accordance with such  
7 a block grant system.

8 (b) REPORT TO COMPTROLLER GENERAL.—Not later  
9 than 18 months after the date of enactment of this Act,  
10 the Secretary of Housing and Urban Development shall  
11 submit to the Comptroller General of the United States  
12 a report that includes—

13 (1) the results of the study conducted under  
14 subsection (a); and

15 (2) any recommendations for legislation.

16 (c) REPORT TO CONGRESS.—Not later than 24  
17 months after the date of enactment of this Act, the Comp-  
18 troller General of the United States shall submit to the  
19 Congress a report that includes—

20 (1) an analysis of the report submitted under  
21 subsection (b); and

22 (2) any recommendations for legislation.

1 **SEC. 403. DEMOLITION AND DISPOSITION OF PUBLIC HOUS-**  
2 **ING.**

3 Section 18(b)(3) of the United States Housing Act  
4 of 1937 (42 U.S.C. 1437p(b)(3)) is amended—

5 (1) in subparagraph (G), by striking “and” at  
6 the end;

7 (2) in subparagraph (H), by adding “and” at  
8 the end; and

9 (3) by adding at the end the following new sub-  
10 paragraph:

11 “(I) provides, wherever practicable, for—

12 “(i) the eventual reconstruction of  
13 units on the same property on which the  
14 units to be demolished or disposed of are  
15 located; and

16 “(ii) the ultimate relocation of dis-  
17 placed tenants to that property;”.

1 **TITLE V—RESPONSE TO URBAN**  
 2 **ENVIRONMENTAL CHALLENGES**  
 3 **Subtitle A—Environmental**  
 4 **Cleanup**

5 **SEC. 501. EXEMPTION FROM LIABILITY FOR LOCAL GOV-**  
 6 **ERNMENTS THAT ARE OWNERS OR OPERA-**  
 7 **TORS OF FACILITIES IN DISTRESSED URBAN**  
 8 **AREAS.**

9 Section 101 of the Comprehensive Environmental Re-  
 10 sponse, Compensation, and Liability Act of 1980 (42  
 11 U.S.C. 9601) is amended—

12 (1) in paragraph (20), by adding at the end the  
 13 following:

14 “(E) EXCLUSION OF DISTRESSED URBAN  
 15 AREAS.—The term ‘owner or operator’ does not  
 16 include a unit of local government for a dis-  
 17 tressed urban area that—

18 “(i) purchased real property, in the  
 19 distressed urban area, on or in which a fa-  
 20 cility is located;

21 “(ii) purchased the property to fur-  
 22 ther the redevelopment of the property for  
 23 industrial activities;

24 “(iii) did not conduct or permit the  
 25 generation, transportation, storage, treat-

1                   ment, or disposal of any hazardous sub-  
2                   stance at the facility; and

3                   “(iv) did not contribute to the release  
4                   or threat of release of a hazardous sub-  
5                   stance at the facility through any action or  
6                   omission.”; and

7                   (2) by adding at the end the following new  
8                   paragraphs:

9                   “(39) DISTRESSED URBAN AREA.—The term  
10                  ‘distressed urban area’ has the meaning given the  
11                  term in section 104(d) of the New Urban Agenda  
12                  Act of 1994.

13                  “(40) INDUSTRIAL ACTIVITY.—The term ‘indus-  
14                  trial activity’ means commercial, manufacturing, or  
15                  any other activity carried out to further the develop-  
16                  ment, manufacturing, or distribution of goods and  
17                  services, including administration, research and de-  
18                  velopment, warehousing, shipping, transport, re-  
19                  manufacturing, and repair and maintenance of com-  
20                  mercial machinery and equipment.”.

21   **SEC. 502. STANDARDS FOR REMEDIATION IN DISTRESSED**  
22                   **URBAN AREAS.**

23                  Section 121 of the Comprehensive Environmental Re-  
24                  sponse, Compensation, and Liability Act of 1980 (42

1 U.S.C. 9621) is amended by adding at the end the follow-  
2 ing:

3 “(g) FACILITIES IN DISTRESSED URBAN AREAS.—

4 “(1) IDENTIFICATION.—The President shall  
5 identify the facilities on the National Priorities List  
6 that are located in distressed urban areas.

7 “(2) STUDY AND REPORT.—The President shall  
8 conduct, directly or by grant or contract, a study of  
9 appropriate response actions for facilities located in  
10 distressed urban areas. In conducting the study, the  
11 President shall examine the appropriate degree of  
12 cleanup of hazardous substances, pollutants, and  
13 contaminants released into the environment at such  
14 a facility, and the appropriate considerations for the  
15 selection of a response action at such a facility.

16 “(3) STANDARDS.—Notwithstanding any other  
17 provision of this Act, the President shall by regula-  
18 tion establish standards for the degree of cleanup  
19 described in paragraph (2), and the considerations  
20 described in paragraph (2), for such a facility. In es-  
21 tablishing the standards, the President shall take  
22 into consideration the results of the study described  
23 in paragraph (2).”.



1           **Subtitle B—Environmental-**  
2                   **Economic Recovery**

3   **SEC. 511. FINDINGS.**

4       Congress finds that—

5           (1) plants such as the SEMASS plant in Roch-  
6       ester, Massachusetts, and the Wheelabrator plant in  
7       Baltimore, Maryland, provide an effective and effi-  
8       cient means of disposing of solid waste and obtain-  
9       ing inexpensive electrical power and steam; and

10          (2) the availability of such plants in a commu-  
11       nity will attract energy intensive industry to the  
12       community, increasing the tax base and strengthen-  
13       ing the economy of the community.

14   **SEC. 512. DEFINITIONS.**

15       As used in this subtitle:

16           (1) DISTRESSED URBAN AREA.—The term “dis-  
17       tressed urban area” has the meaning given the term  
18       in section 104(d).

19           (2) ENERGY INTENSIVE INDUSTRY.—The term  
20       “energy intensive industry” means an industry that  
21       consumes more than 25,000 BTUs per dollar of  
22       value added, as determined by the Secretary.

23           (3) FULLY OPERATIONAL.—The term “fully  
24       operational” means at least 90 percent operational,  
25       determined by averaging the percentage of solid

1 waste intake capacity achieved and the percentage of  
2 electric output capacity achieved.

3 (4) MARKET RATE.—The term “market rate”  
4 means the applicable rate for retail bulk power sales  
5 made by the electric utility within the service terri-  
6 tory concerned.

7 (5) SECRETARY.—The term “Secretary” means  
8 the Secretary of Energy.

9 (6) SOLID WASTE.—The term “solid waste” has  
10 the meaning given the term in section 1004(27) of  
11 the Solid Waste Disposal Act (42 U.S.C. 6903(27)).

12 **SEC. 513. LOAN AUTHORITY.**

13 (a) LOANS.—

14 (1) IN GENERAL.—The Secretary shall make  
15 not more than 3 loans to units of local government  
16 for distressed urban areas for the establishment of  
17 facilities described in section 514.

18 (2) PRIORITY.—In making one of the loans, the  
19 Secretary shall give priority to a unit of local gov-  
20 ernment that demonstrates that the unit of local  
21 government will establish the facility through a con-  
22 tract or agreement with an organization that has  
23 demonstrated an ability to oversee and manage the  
24 creation of a comprehensive, national, strategic, en-  
25 ergy intensive, environmental industry initiative.

1 (b) AUTHORITY TO BORROW.—

2 (1) IN GENERAL.—Subject to paragraphs (2),  
3 (3), and (4), and notwithstanding any other provi-  
4 sion of law, the Secretary may borrow from the  
5 Treasury such funds as the Secretary determines to  
6 be necessary to make loans under this section.

7 (2) AMOUNTS.—The Secretary may borrow  
8 funds under paragraph (1) if amounts sufficient to  
9 pay for the cost, as defined in section 502(5) of the  
10 Congressional Budget Act of 1974 (2 U.S.C.  
11 661a(5)), of the loan involved are provided in ad-  
12 vance in appropriation Acts.

13 (3) TERMS.—Subject to paragraph (4), the Sec-  
14 retary may borrow the funds on such terms as may  
15 be established by the Secretary and the Secretary of  
16 the Treasury.

17 (4) INTEREST.—The rate of interest to be  
18 charged in connection with a loan made under para-  
19 graph (1) shall be not less than a rate determined  
20 by the Secretary of the Treasury, taking into consid-  
21 eration current market yields on outstanding mar-  
22 ketable obligations of the United States of com-  
23 parable maturities.

24 **SEC. 514. FACILITY.**

25 Each facility referred to in section 513—

1           (1) shall produce electric power, or steam, from  
2   solid waste;

3           (2) shall have 2 boilers and be capable of ex-  
4   pansion;

5           (3) shall be located in a distressed urban area  
6   in the United States;

7           (4) shall provide electricity or steam to energy  
8   intensive industry customers at no more than 40  
9   percent of the market rate for electricity;

10          (5) may provide electricity to public entities or  
11   light industry, but not to residential consumers; and

12          (6) shall obtain a continuing supply of feed-  
13   stock sufficient to sustain maximum operational ca-  
14   pability through long-term contracts with municipal  
15   and other governmental sources.

16 **SEC. 515. REINVESTMENT OF SAVINGS.**

17       (a) IN GENERAL.—Any energy intensive industry  
18   customer obtaining electricity or steam from the facility  
19   described in section 514 shall—

20           (1) invest in equipment, physical plant, or in-  
21   creased employment at least 7 percent of the saving  
22   gained by such customer; and

23           (2) from the saving gained by such customer,  
24   make payments to the Secretary, in an amount de-  
25   termined by the Secretary to be appropriate, to as-

1       sist in repaying the funds borrowed by the Secretary  
2       under section 513 and the costs associated with bor-  
3       rowing the funds.

4       (b) DEFINITION.—As used in this section, the term  
5       “saving”, used with respect to a customer obtaining elec-  
6       tricity or steam from a facility described in section 514,  
7       means an amount equal to—

8               (1) the cost of obtaining an amount of such  
9       electricity or steam from other sources during a pe-  
10      riod of time; minus

11             (2) the cost of obtaining the same amount of  
12      such electricity or steam from the facility during  
13      such period.

14   **SEC. 516. REPORT TO CONGRESS.**

15       (a) REPORT.—Not later than 1 year after the facili-  
16      ties described in section 514 become fully operational, the  
17      Secretary shall prepare and submit to Congress a report  
18      containing a recommendation concerning whether the Fed-  
19      eral Government should make additional loans similar to  
20      the loans authorized by this subtitle.

21       (b) ANALYSIS.—Such recommendation shall be based  
22      on analysis of the Secretary concerning whether the loans  
23      made under this subtitle have resulted in—

- 1           (1) the creation of jobs in the communities in  
2           which the facilities are located due to the relocation  
3           of energy intensive industry;  
4           (2) the effective disposal of solid waste; and  
5           (3) easier and less expensive production of elec-  
6           tricity and steam.



S 2535 IS——2

S 2535 IS——3